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RUEHBU/AMEMBASSY BUENOS AIRES  
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TAGS: [ECON](#) [EFIN](#) [EINV](#) [CO](#)  
SUBJECT: WHY FEW COLOMBIAN COMPANIES ARE LISTED ON NYSE

REF: A) 09 BOGOTA 3415; B) BOGOTA 95

11. (U) Summary. Only seven Latin American countries have companies listed on the NYSE (New York Stock Exchange). Brazil leads with 33 companies, followed by Mexico (19), Chile (12), Argentina (11), Panama (3), Peru (2), and Colombia (2). Ecopetrol (oil and gas) and Bancolombia (financial services) are the only two Colombian companies listed on the NYSE, though four other domestic companies can be traded on the NYSE through a designated U.S. broker. Interest in listing Colombian companies on the NYSE is growing, primarily to obtain international notoriety -- but not for raising capital. Raising funds locally is preferred: Colombia's stock market generated more than a 1,500 percent return over the last decade.

How to Access the NYSE

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12. (U) Foreign companies sell their shares on the NYSE through American Depositary Receipts (ADRs). There are three ADR categories. Level 1 ADRs can only be issued by a designated U.S. bank or brokerage and are not listed on the NYSE. Level 2 ADRs are listed on the NYSE, but the foreign companies must follow U.S. Generally Accepted Accounting Principles (GAAP) standards and meet the exchange's listing requirements and SEC regulations. Level 3 ADRs also are listed on the NYSE with an option to raise capital, but must follow stricter requirements, similar to those of U.S.-listed companies.

Limited Interest

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13. (U) Colombian companies have shown an interest in being a part of the NYSE, but on a limited scale. Ecopetrol and Bancolombia are the only two listed on the NYSE as ADR level 2 and 3, respectively. Shares from Interconexion Electrica SA (ISA - energy generation), Suramericana de Inversiones (financial holdings), Argos (cement), and recently Compania Nacional de Chocolates (food) are sold as ADR level 1 stock.

¶4. (SBU) Bancolombia has been listed on the NYSE since 1995; Ecopetrol's listing is more recent -- September 2008. Ecopetrol's massive planned expansion requires international recognition, which the NYSE provides (ref A). It has yet to seek ADR level 3 shares due in part to its ability to raise billions in capital through issuing bonds, selling a small percentage of the Government's stake in Ecopetrol, or receiving a US\$ 1 billion credit facility from Ex-Im Bank (ref B).

¶5. (SBU) The other four Colombian companies have expressed interest in raising their visibility in the U.S. exchange markets, but have yet to follow through, largely because of the requirements and associated costs to obtain a NYSE listing and the record-breaking performance of Colombia's stock exchange.

#### 1,530 Percent Return Versus a Negative Return

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¶6. (U) In the past decade, Colombia's stock market has soared. According to a recent Bank of America Merrill Lynch report on the performance of emerging markets over the past decade, "if you had invested US\$100 in emerging market stocks on Dec. 31,

1999, you'd have US\$262 today, while \$100 invested in the S&P (Standard & Poors) would be worth \$91." Complementing this notion is the study's list of top performers, where Colombia's stock market ranked number one with a 1,529 percent return over the last ten years.

¶7. (SBU) Estefania Leon, senior stocks analyst from Correval S.A., told us that Colombian companies with an international presence are interested in the NYSE more for international prestige than for raising capital. She noted that the strict requirements to list a foreign company (e.g. U.S. GAAP and SEC regulations) are too costly for most Colombian companies to adopt.

NICHOLS